
WEEKLY MARKETSNAPSHOT

CURRENT ECONOMIC OUTLOOK FOR TIMELY FINANCIAL PLANNING

October 7, 2016

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The economic data were mixed. The ISM surveys both surprised to the upside, suggesting that the August slowdown was temporary. Unit auto sales were down from a year ago, but up relative to August on a seasonally adjusted basis. Nonfarm payrolls rose a bit less than expected, while the unemployment rate ticked modestly higher – the start of the school year makes the September figures suspect, but the underlying trends suggest further improvement in overall labor market conditions. Average hourly earnings rose 0.2%, up 2.6% year-over-year, with mixed results across industries. Still, the employment report did not much alter the overall consensus view of the economy (moderate growth).

The IMF left its global growth estimates unchanged in its revised World Economic Outlook, but expectations for U.S. growth were lowered for 2016 and 2017. U.K. Prime Minister Theresa May said Article 50 would be submitted by the end of March, kicking off a two-year negotiation process for exiting the European Union. Fears of a hard Brexit sent the pound reeling (to a 31-year low vs. the U.S. dollar).

Next week, the bond market is off on Monday for the Columbus Day holiday (the stock market will be open). Market participants will be interested in the FOMC minutes, although we may not learn much (we know that officials were divided on whether to raise rates). Retail sales are likely to have improved last month, following softness in July and August (watch for possible revisions).

Indices

	Last	Last Week	YTD return %
DJIA	18268.50	18143.45	4.84%
NASDAQ	5306.85	5269.16	5.98%
S&P 500	2160.77	2151.13	5.72%
MSCI EAFE	1694.91	1706.64	-1.25%
Russell 2000	1246.24	1237.75	9.71%

Consumer Money Rates

	Last	1 year ago

Prime Rate	3.50	3.25
Fed Funds	0.29	0.13
30-year mortgage	3.52	3.76

Currencies

	Last	1 year ago
Dollars per British Pound	1.262	1.532
Dollars per Euro	1.115	1.124
Japanese Yen per Dollar	103.95	120.01
Canadian Dollars per Dollar	1.322	1.306
Mexican Peso per Dollar	19.236	16.653

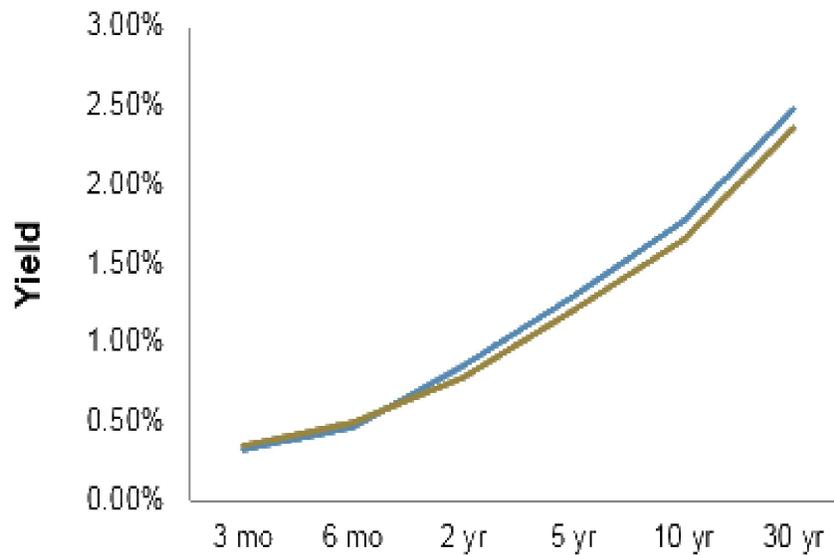
Commodities

	Last	1 year ago
Crude Oil	50.44	47.81
Gold	1253.00	1148.70

Bond Rates

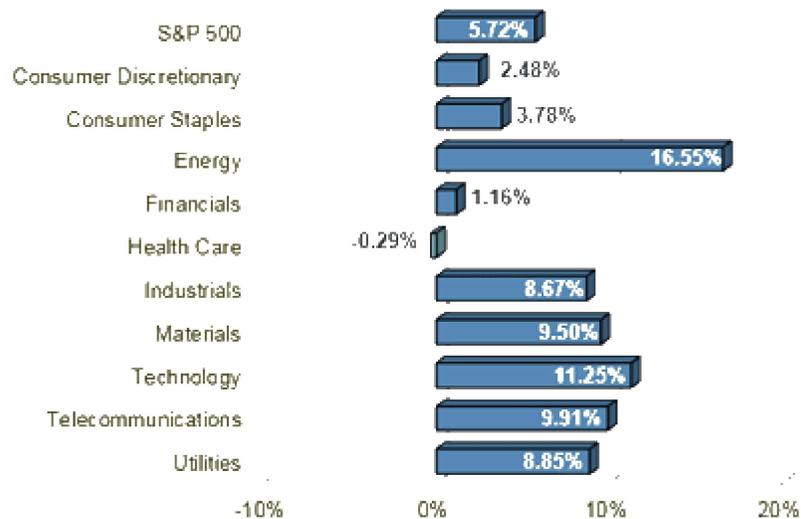
	Last	1 month ago
2-year treasury	0.85	0.78
10-year treasury	1.76	1.65
10-year municipal (TEY)	2.49	2.26

Treasury Yield Curve – 10/07/2016



As of close of business 10/06/2016

S&P Sector Performance (YTD) – 10/07/2016



As of close of business 10/06/2016

Economic Calendar

October 9	—	Second Presidential Debate
October 10	—	Columbus Day (bond market closed)
October 12	—	FOMC minutes (September 20-21)
October 13	—	Jobless Claims (week ending October 8) Import Prices (September)
October 14	—	Producer Price Index (September) Retail Sales (September)

October 17	—	Industrial Production (September)
October 19	—	Third Presidential Debate
October 28	—	Real GDP (3Q16, advance estimate)
November 2	—	FOMC Policy Decision (no press conference)
November 4	—	Employment Report (September)
November 8	—	Election Day
December 14	—	FOMC Policy Decision (Yellen press conference)

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US government bonds and treasury bills are guaranteed by the US government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. US government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury bills are certificates reflecting short-term (less than one year) obligations of the US government.

Commodities trading is generally considered speculative because of the significant potential for investment loss. Markets for commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising. Specific sector investing can be subject to different and greater risks than more diversified investments.

Tax Equiv Muni yields (TEY) assumes a 35% tax rate. Municipal securities may lose their tax-exempt status if certain legal requirements are not met, or if tax laws change.

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Data source: Bloomberg, as of close of business September 29, 2016.

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